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**Functioning of the Clothing Networks on the Global Markets –
Comparative Analysis**

Abstract

The globalisation process contributes to shaping of many diverse consequences, among others it causes the internationalization of production, new, global division of work, increase of competitiveness, it builds the branches of a globalising business. From the point of view of economy, the phenomenon of globalisation influences the deepening of a free float of commodities, services, resources, capital, work, and also information between the countries. These factors significantly contribute to many changes that are visible in the operation of the latter-day enterprises (Penc 2003, p. 152). One of the consequences of the globalisation process, which is directly connected with the functioning of companies, is the necessity of building and managing the brand. As a result it creates many possibilities to global companies from the textile-clothing sector that want to achieve a market success. However, in order to achieve it one has to fulfill many, constantly increasing, expectations of the buyers. The realisation of these challenges is possible only with the share of two crucial factors: proper competitiveness and progressive marketing strategies.

In the clothing sector the partnership networks are being created between the economic subject, because such actions are aimed at minimising the risk, as well as to reducing the production and distribution costs. The most often encountered networks in the textile-clothing branch are the franchising networks. The present article concentrates on the competitiveness aspect of the global clothing networks. A comparative analysis of the action of the

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commercial clothing networks was made, in order to show some features of its operation and proceeding, while focusing on the specified elements of the marketing-mix strategy. The obtained results allowed to show the differences and similarities in the used marketing strategies.

1. Introduction

Each enterprise, while starting its market operation, has a defined goal, to which realisation it aims by taking proper endeavours. In the age of progressive globalisation the companies, that want to be successful on the market, should implement to their business model properly selected marketing strategies, based on a number of innovations, in order to broaden their range of operations, and therefore to become more competitive. A constantly increasing competitiveness in the textile-clothing branch contributes significantly also to the increase of enterprises' internationalisation importance. The process of internationalization of operation means a foreign expansion of the companies, directing to the increase of interconnections between the countries and enterprises, which as a result influences the creation of global clothing corporations. An important factor influencing on their development is also a proper creation of brand, which as a result may contribute to strengthening of the company and to the increase of its identification both on the national and international markets.

The present article is aimed at assessing the utilisation of the marketing strategies in the global clothing networks. In order to analyse them thoroughly, the case study method was used, thanks to which the similarities and differences occurring in the business models of respective corporations were identified. The corporations were selected in such way that their operations started in different places in the world in order to show, that regardless of the geographic location those companies can achieve global success by using in their activity very similar marketing strategies.

2. Competitiveness of the companies from the textile-clothing sector

The intensifying effect of competition and of globalisation exerts pressure on the modern enterprise to seek for diverse variants and developments, aiming at improving its activity. The enterprise should be an organisation prone to modifications, constant intensification, choosing diverse, and at the same time proper alternatives, implementing innovative technologies and products,

introducing new, effective organisation ideas, management and marketing strategies. It should also be eager to cooperation with the environment, have the ability to build new values for consumers, effectively utilise in its operation the defects of its competition. In the current realities, those organisations are powerful, which introduce changes to their operation adequately to the needs of the market, and which they accordingly implement, while creating in this way a logical and consistent strategy of operation (Penc 2003, pp. 11-14).

According to the OECD¹, the competitiveness is the ability of companies, region, nations to handle international competition, and also to guarantee high rate of return from the used elements of production and high degree of employment, basing on solid grounds. The increase of competitiveness contributes to the intensification of the world's productivity (Wysokińska 2001, p. 37).

As a result of progressive, international liberalisation of commercial exchange, as well as of the process of countries' integration, the competitiveness of the enterprises in the textile-clothing sectors, both on the internal, and external markets, is growing successively. That is why only companies characterized by a modern approach to management have the possibility for increasing their competitiveness and remaining on the market. The big possibilities of development in the global textile sector can bring the proprietary, unique, high quality products from the fashion industry, innovative, multifunctional, with new utilitarian properties products of a 'high-tech' type and the 'intelligent' textiles. The main goal of this type of activity is the introduction to the global markets of completely dissimilar, so far unseen products, made of new textile raw materials, with the utilisation of innovative techniques and technologies of production. An example of such product can be the products characterized by properly selected barrier or protective parameters, having at the same time high hygienic and bioactive properties, and also good comfort of use. An example of developmental, 'intelligent' textiles can be the products protecting against water permeation, harmful UV radiation, bacteria and geononwovens (Lachiewicz 2006, pp. 14-16).

In order to increase the enterprise's chances in achieving the competitive advantage on the textile-clothing market, the companies should take the following actions: introduction of logistic modifications aimed at reducing the labour costs, as a result of which an increase of productivity occurs; intensification of economic infrastructure; increase of financial investments in the innovative operation; create information networks containing important information in the range of the economic operation done by the company.

¹ OECD - Organizacja Współpracy Gospodarczej i Rozwoju.

In the analysed sector the biggest difficulties with achieving the competitive advantage have the clothing companies, mainly because of their number on the market. Depending on the proposed assortment, quality, prices and other criteria, one can identify many groups of brands that want to reach the same group of clients, which is presented in Table 1.

Table 1. Examples of competing clothing companies

Clothing company	Competitor
Hennes & Mauritz	Reserved, House, Cropp Town, C&A
Versace	Armani, Lacoste, Dior
Hexeline	Deni Cler, Molton, Solar, Monnari
Adidas	Puma, Nike, Reebok
Smyk	5.10.15, Re-kids, Naturino

Source: Own compilation.

Summarising, the competitiveness of companies in textile-clothing sector is strictly connected with the possibilities of commercial exchange, new markets, fashion, modern designing and innovative information and communication technologies. In order to improve the position of the textile branch the modernisation of the used techniques and technologies should be introduced, as well as the automatisisation of the processes of controlling the machine park and of the production lines, the restructuring of this sector, and special attention should be given to the ecological quality of the products of the textile-clothing market. Another important aspect, that have an influence on achieving the competitive advantage by a company, is the delivery in the shortest possible time to the global market of innovative products or a proper marketing theory (Wysokińska 2010, pp. 287-295).

The recent years show that the international competitiveness of Polish enterprises improved. It means that the attractiveness of Polish companies increases gradually, however the Polish companies must still introduce many changes in their operations, both connected with implementing to the production of many innovations, and also with the change of approach to managing, so constantly seek opportunities to internationalise the company, and also base their strategy on building a known brand (Rymarczyk 2010, p. 288).

3. Polish clothing networks

In the Polish economy, unfortunately, there are little companies with international rank, so in other words the so-called transnational corporations. Analysing the textile-clothing market in these terms one can state with full responsibility that in Poland there is none prestigious brand with the global reach. However, there exists a certain group of textile-clothing companies, which undertake actions thanks to which their share in the global trade increases. Examples of such Polish textile-clothing trading networks are: Pawo, Pabia, LPP, Redan, Big Star, Hexeline, Carry, Reporter, Monnari, Wólczanka, Artman. Until recently these were the foreign companies that opened successively in our country their direct mercantile agencies, but at the end of the 20th century the Polish enterprises strengthened their position on the market in such effective way that they started to think about development of their networks not only at the national, but also the international scale (Rymarczyk 2010, p. 437).

Currently the companies from Polish textile-clothing sector engage in the next stadium of market functioning, in which the core of operation becomes proper adjusting to the requirements of constantly changing environment, increasing the competitive advantage, and also identification and satisfying of the still increasing needs of potential clients. Making a proper selection of solutions and management strategies, as well as recognising and proper utilisation of the opportunities from the environment, giving the possibility of pro-innovative operation, investment development and intensification of the competitive position, become a certain form of challenge for the people who manage Polish textile-clothing companies.

In order to achieve success by the companies from this sector in a faster and more effective way, they should make beneficial agreements with the suppliers, customers, social organizations, state authorities, and also foreign partners. A strength of making networks is a significant increase of companies' competitiveness in the clothing sector, and mutual connection of competencies and abilities can lead to development of innovative technologies, which in result leads to manufacturing modern, unique products, and also to maintaining high quality of production. The significant advantages of this type of activity is also improvement of companies image, as well as offering to the clients of the so-called added value, for example in the form of products with ecological or ethical properties (Lachiewicz 2006, p. 85).

In the clothing sector the partnership networks are being created between the economic subjects, because such actions are aimed at minimising the risk, as well as reducing the production and distribution costs. The most often encountered networks in the textile-clothing branch are the franchising

networks, within which a long-term relationship between the organisations is created, within the scope of which the parent company, called as the franchiser, allows the second company, called the franchisee, to function in an agreed way, during the specific time and in a specific place. At this type of connections between companies all of the commercial points of an enterprise must have the same visualisation, assortment, exhibition of commodities, and also norms concerning the customer service. The franchising network is currently very popular and advantageous form of organising trade and services. The companies from the clothing sector that wish to achieve global success must undertake many actions which will lead to expansion of the network of branded stores, strengthening its brand in the sector, achieving faster penetration of the market and increasing the possibilities of expansion to the foreign markets. The table below presents the strengths and weaknesses, and opportunities and threats of a franchising agreement.

Table 2. SWOT analysis of a franchisee

<p style="text-align: center;"><u>Strengths</u></p> <p>Strengthening of a companies' position on the market, Brand awareness, Homogeneous norm of the proposed products and services, Extended time of operating at the market, Constant circle of buyers, Uniting the offer and methods of service, Appropriate atmosphere of shopping in the clothing stores,</p>	<p style="text-align: center;"><u>Weaknesses</u></p> <p>Lack of precise determination of the product-service offer and of the image of franchising structure, Insufficient knowledge of the franchiser about the franchisees, Insufficient abilities of the franchisees, Poor ability of enlistment and cooperation with the franchisees, Dishonesty of the franchisees,</p>
<p style="text-align: center;"><u>Opportunities</u></p> <p>Social changes, Increase of the purchasing power, Development of SMEs – of entrepreneurship, of innovative technologies, products, Developments of logistics and of cooperation with the suppliers, Diversification and improving of the quality of products and services,</p>	<p style="text-align: center;"><u>Threats</u></p> <ul style="list-style-type: none"> • Capital recession, • Decrease of the purchasing power, • Intensification of global competition, <p>Changes in the likes of consumers, concerns about the risk of investments in innovative operations.</p>

Source: Own compilation on the basis of: Ziółkowska M.J., Franczyza, nowoczesny model rozwoju biznesu”, Wydawca CeDeWu, Warszawa 2010, p. 200.

The presented SWOT analysis shows that the franchising agreements bring advantages both for the franchisers and the franchisees. The connections of this type introduce to the operation of companies effective resources for

strategies and to its further development. The operation of the textile-clothing companies based on franchising ties influences their development, increases competitiveness, and also contributes to intensification of their share in the global clothing sector.

The multilateral network connections between the partners create many possibilities of effective and fast responding to many changes taking place in the environment, which is connected with efficient coordination, and also with connecting all of the companies' actions included in the networks of the economic subjects (Olczak 2008, p. 71). Thereunder, in order to reach higher share of Polish textile-clothing companies on the global market, they should undertake actions leading to intensification of the network connections. One of such actions is starting of the cooperation with the territorial-branch clusters gathering different types of organisations and companies.

This type of federations should influence the creation and active development of, among others, the training-consulting facilities, entrepreneurship centres and the flow of production and cloth technologies, or the technological-industrial parks. The above undertakings are meant to contribute the successive exchange of experiences, abilities and competencies, in particular during introducing and realising the innovative processes. Such actions create better changes of achieving global market success (Olczak 2008, p. 121).

4. Global clothing brands on the Polish market

Currently on the global market there exist many companies, representing different clothing brands. They can be assigned respectively to the groups of marketing profiles of the companies.

A detailed brands' classification with respect to the global clothing brands was presented by A. Olczak in his publication, while isolating five principal strategic marketing profiles of the companies of positioning the clothing brand on the national market. The following types of brands belong to this group:

- „no name”,
- „pseudo-brand”,
- „popular”,
- „expensive and fashionable”,
- „exclusive” (Olczak 2008, pp. 93-98).

The particular types of brands are characterized in detail in table 3, while assigning to each of them the companies from the analysed market. Each of

these five groups has different criteria of classification, is characterized by different parameters, providing for the type, quality, price of the products, type of the used promotional activities, selling and distribution systems, chosen brand strategies, competition, segmentation or the market position.

Table 3. Marketing profiles of the clothing companies

Type of brand	Description	Brand example
1. „no name”	<ul style="list-style-type: none"> • Small companies, • Offered cheap clothes with low quality, for buyers with low incomes, • No marketing actions, • Competing strategy – low price of products, • Market positioning strategy – fabricators 	Cute Well, C-Matteo, Meina, Mirage,
2. „pseudo-brand”	<ul style="list-style-type: none"> • Small companies, • Clothes with medium-low prices and of adequate quality, offered to consumers with medium-low incomes, • Promotions of sale and sales, • Competing strategy – low price, • Market positioning strategy – imitators 	Smith’s, Sogoss, Single
3. „popular” brand	<ul style="list-style-type: none"> • Dynamically developing companies, • Medium price, medium and higher quality, offered to buyers with medium incomes, • Intensive campaigns, promotions, press advertising, • Competing strategy – acquisition strategy and quality-price strategy, • Market positioning strategy – imitators, developers, market leaders 	Carry, Cotton Club, Diverse, C & A, H & M, Wólczanka

4. „expensive and fashionable branded clothes”	<ul style="list-style-type: none"> • High price, high quality, offered to clients with high incomes, • Sales’ promotions, advertising in magazines, • Competing strategy – creation of fashion and building prestige of a brand, • Market positioning strategy – market leaders, innovators 	Deni Cler, Hexeline, Diesel, Molton, Solar
5. „exclusive brand”	<ul style="list-style-type: none"> • Very high price and quality of products, • Offered to clients with high and very high incomes, • International exhibitions, fairs, fashion shows, advertising campaigns in magazines, commercial promotions • Competing strategy – creating long-term, original trends in fashion, • Market positioning strategy– specialists, innovators 	Versace, Hugo Boss, Louis Vuitton, Chanel, Armani, Dolce Gabbana

Source: own compilation on the basis of Olczak A. „Strategie marketingowe polskich przedsiębiorstw odzieżowych w pespektywie Rynku Unii Europejskiej”, p. 93-98.

The process of brand building is very time consuming and should be constantly monitored and controlled, because lack of continuity of strategy by performing promotional-informational actions will result in a loss of image.

Such clothing companies as Próchnik or Bytom experienced it. The cause of decrease of interest of these brands was their passiveness and lack of implementing to their actions of proper strategies (Olczak 2008, p. 91).

On the market there are many companies, which often are not aware of the possessed potential in a form of a brand, because of which they cannot utilize it in a properly effective way. Lack of market-driven orientation, direct contacts with the market, and also efficient distribution channels causes that their presence on the market is imperceptible. Such situation influences the development of a given company in an unfavourable way, but the change of management style by implementing the brand strategy will become a key element of a proper creation and functioning of an organisation (Wysokińska 2005, p. 301). One of the examples of companies which in a proper way used the brand strategy is a Polish company LPP, having in its investment portfolio the Reserved brand, which is leading on the Polish market, which business models and marketing strategy became shining examples for other national companies from this branch.

5. Operational strategies of the LPP S.A., Benetton S.A., GAP Inc. companies

A constantly deepening phenomenon of globalisation has a significant influence in the intensification of competitiveness in the textile-clothing branch. In order to achieve a market success by a company, it should show tendencies to wide cooperation with the environment, building new values for the clients, seeking favourable contacts, widening the connections' networks with the environment. Considering the above mentioned, currently the increasing tendency in creating connections between international economic subjects is visible, so in the internationalisation of the companies, thanks to which the company becomes a transnational enterprise.

These types of business models are used by many companies, regardless of their geographical location. The analysis of clothing corporations presented below shows that regardless of the location of the beginning of operation (LPP – Poland, Benetton – Italy, Gap – USA), the management strategy can be very similar. The comparison of companies' business models is presented in Table 4.

Table 4. Comparison of the business models – marketing strategies of the LPP, Benetton, Gap companies

Strategy	LPP	Benetton	Gap
Product brands	- 6 brands, - lines for females, males, teenagers	- 4 brands, - lines for females, males, teenagers, children, and sports line	- 5 brands, - lines for females, males, teenagers, children, infants
	- assortment: clothes and accessories, casual, sports and elegant styles		
Promotion	- current controlling of clothing style and changes in fashion among the target group, - producing short series and sewing the collections in advance	- current dyeing of the sewn clothes instead of dying of the material – fast change of colour, - own production	-regular supplies of products two times a week
	- monitoring of the production, outsourcing,		

Distribution	- supplying the stores with small series of clothes – 2 times a week	- monitoring of logistics, - fast deliveries, instant adaptation to the current requirements of consumers	- online shop,
	- extension of own and franchised networks, monitoring of distribution, direct sales and wholesales		
Quality and price	- strategy of medium value – medium quality, medium price	-high quality strategy – high quality, medium-high price	- high quality strategy – high quality, medium price
Promotion	- utilization of famous people images, - advertisements containing provocative pictures	- possession of a communication centre enabling fast flow of information, - lack of the brand's ambassador, - aggressive and intensive promotion in the form of advertisement	- gift cards, catalogues, magazines, - TV advertisements, billboards – a new brand's ambassador each season
	TV advertising, billboards, magazines, gift cards		
Franchising	- partnership model – the franchisee builds a store, does not bother with buying the commodities, - complete control of the commodities' flow by the franchiser	- the franchisee is responsible for building and equipping the store and for the flow of commodities flow by the franchiser,	- the franchisee is responsible for building and equipping the store and for the flow of commodities

Source: own compilation.

The table above presents a generalised description of marketing-mix strategies, which are used by LPP, Benetton and Gap corporations in their operation. On this basis one can determine both similarities and differences in the business models presented by them. While analysing the marketing strategies of the particular companies one cannot expressly show even two companies utilising in their operations identical strategic alliances. One can distinguish the following common features of the above three corporations: similar type of offered assortment and accessories, style, complete or partial outsourcing, monitoring of production and distribution, regular and frequent supplies of

products to the stores, extension of the network of own and franchised stores, direct sales and wholesales, and TV advertising. Each of the companies has, however, in its business portfolio aspect different from the other companies.

The LPP company in its operation uses medium value strategy, while offering to the consumers products with medium quality and price, and while using in the franchising agreement the partnership model, and exercising by this a complete control over the flow of products.

The Benetton company implements to its collections the kids' line, has its own production, its strength are very quick supplies, adequate to the customers' likings. Moreover, the company also introduces to its business model a strategy of high quality, by offering to its clients products with good grades and higher price. It uses an aggressive, even controversial type of promotional strategy, while not using the images of famous people.

The marketing strategy of a Gap company differs from the remaining two corporations in a way that it does have in its offer the assortment for infants, as the only one offers the possibility of online shopping, and in the promotional strategy it uses the images of a wide group of popular representatives of the show-business.

To sum up, the above analysis of companies shows that the process of internationalisation of companies plays a very significant role in an effective development and operation of enterprises that want to become global corporations. Each of the companies described above is an excellent example of the fact that the properly selected and successively realised marketing strategy leads to the intensification of the field of companies' operation, as a result of which it transforms into a global clothing corporation achieving global market success.

6. Conclusions

Based on the performed in the present work analysis, it was shown that a strong brand is not only a driving force of innovativeness, but also a potential resource of possibilities connected with operation on the global markets, because just in the particular branches the products and companies referred to as the proprietary, has currently the highest chances for achieving the market success. The art of achieving market success is fundamentally an art of building and creating the brand. A product that does not have an appropriate brand becomes only a mass product, for which the demand is determined only on the basis of its price.

The companies that want to achieve the market success should keep up with the needs of clients, constantly introduce innovations to the market, developed products, while employing the efficient distribution channels. Moreover, they should dynamically react to the consumers' needs, utilise the pricing strategy adequate to the quality of the offered product with the use of effective forms of promotion.

The performed analysis showed that a properly selected marketing strategy and the internationalisation of a company become an effective tool in achieving market success.

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Streszczenie

FUNKCJONOWANIA SIECI ODZIEŻOWYCH NA RYNKACH GLOBALNYCH – ANALIZA PORÓWNAWCZA

Proces globalizacji przyczynia się do kształtowania wielu różnorodnych następstw, między innymi powoduje internacjonalizację produkcji, nowy, globalny podział pracy, wzrost konkurencyjności, buduje oddziały globalizującego się biznesu. Z punktu widzenia ekonomii, zjawisko globalizacji wpływa na pogłębianie się wolnego przepływu towarów, usług, zasobów, kapitału, pracy, a także informacji pomiędzy krajami. Czynniki te znacząco przyczyniają się do licznych zmian widocznych w działalności dzisiejszych przedsiębiorstw. Jednym z następstw procesu globalizacji, bezpośrednio związanych z funkcjonowaniem przedsiębiorstw jest konieczność budowania i zarządzania marką. W konsekwencji kreuje to liczne możliwości dla globalnych przedsiębiorstw sektora tekstylnego – odzieżowego, chcących osiągnąć sukces rynkowy. Jednak aby to uzyskać należy sprostać licznym, ciągle wzrastającym oczekiwaniom nabywców. Realizacja tych wyzwań jest jedynie możliwa przy udziale dwóch decydujących czynników: odpowiedniej konkurencyjności oraz progresywnych strategii marketingowych.

W sektorze odzieżowym dochodzi do tworzenia się sieci partnerskich pomiędzy podmiotami gospodarczymi, bowiem działania takie mają na celu zmierzać do minimalizacji ryzyka, jak również do zmniejszenia kosztów produkcji oraz dystrybucji. Najczęściej spotykanymi sieciami w branży tekstylno – odzieżowej są sieci franchisingowe.

W niniejszym artykule skoncentrowano się na aspekcie konkurencyjności globalnych sieci odzieżowych. Dokonano analizy porównawczej działania odzieżowych sieci handlowych, w celu ukazania pewnych cech jego działalności i postępowania skupiając się na określonych elementach strategii marketing-mix. Uzyskane wyniki pozwoliły na pokazanie różnic i podobieństw w stosowanych strategiach marketingowych.